

Railways May Be Forced to Raise Wages Without Being Allowed to Boost Rates

Corporations Lie Between the Devil and the Deep Blue Sea, Says Expert—Workers Clamor for Better Pay While Commissions Prevent Higher Tariffs.

By J. LAURENCE LAUGHLIN, of the University of Chicago.
Prof. J. Laurence Laughlin, head of the department of economics of the University of Chicago, is a well-known writer and authority on industrial and financial subjects. He was a member of the Monetary Commission created in 1897, and a leading figure in the movement for banking reform which resulted in the creation of the Federal Reserve Bank. He is the author of numerous books on economic subjects and has made extensive studies of wages and industrial conditions.

To transport goods from the mine or factory to the user is as much a part of the productive process as feeding raw materials into a machine. Even cooked food is of no use if you cannot get it to the mouth. Anything, therefore, which stops the free and cheap movement of goods to the consumer produces industrial starvation. That which checks the circulation of goods from seller to buyer has the same effect as a stoppage of the circulation of the blood on the health and existence of the human body.

Whether we like it or not, we have built up an industrial organism which could not exist for twenty-four hours without the efficient working of railway transportation; it has become almost as essential to our present daily life as rain or sunlight. Anything so important to our well-being it is to be assumed would be most jealously fostered by the State, watched and aided in all possible ways.

Reasons for Public Hostility.
Consequently, in a democracy like ours, where public opinion controls legislation, one would expect to find a liberal and helpful attitude towards all transportation lines by land or water. We are astounded, however, to find just the opposite: hostility toward railways, more or less developed, on the part of the general public and, consequently, of legislators.

A situation so unfortunate and so illogical seems almost incredible. How can it be explained? By ignorance, prejudice, demagoguery and politics. For this state of mind some railway managements have provided the excuse for attack because of arrogant, over-reaching and unprincipled railway "recklessness." This honest government has been included in indictments really based on the acts of the dishonest. But at the bottom of this subject we find the same kind of narrow bigotry and ignorance which inspired the campaign in favor of greenbackism and free silver. Certain minds came early to regard the railways as the type of the rich and successful corporation, which it was no crime to cheat and defraud. It represented wealth, to the unscrupulous poor. Then followed, of course, the seeker for place who wished to get into office by capitalizing the prejudices of his constituents. The Congressmen of this type kept in mind the great issues of election and was ready to pass any legislation against railways, no matter how hostile, which he believed would satisfy his "district." To those who know American politics all this is commonplace, but to an efficient government like that of Germany it would be unthinkable. Of course, such a state of mind could not possibly continue in a country, which exports to and imports from, and in which the railways are the main artery of commerce, industry, and international trade. The evils of dishonest management make a legitimate reason for regulation of railways—being quipped: "The public interest, and honest management should have nothing to fear under proper regulation by the government, provided that regulation proves to be intelligent and just."

Evils of Over-regulation.
The crux of the whole problem resides in the kind of regulation. To the present time that regulation has practically removed the inequalities of discrimination in rates in favor of privileged shippers or districts. On the other hand, regulation of rates has been attempted, in 1890, by the Hepburn act, the Interstate Commerce Commission, representing the National government, was given power to fix rates on interstate traffic throughout the whole of the United States. This was a herculean task, for the interests of every factory, farmer, consumer, railway, and investor in railways the country over.

As if this task were not difficult enough, the various States, under the pressure of the same forces which led to national

regulation—established State railway commissions empowered to regulate rates within the boundaries of the respective States. Here was a phenomenal evil arising out of our dual system of government—a system which has created very difficult situations in regard to other problems. The fact is, obviously, that a business, although supplied by private capital, is not allowed to fix the price of its product—transportation. Let us grant that some regulation of rates was necessary. How has our kind of regulation worked?

Railway Expansion Checked.
In the last five years (1910-1914) as compared with five years ending in 1906, the building of new railways has fallen off 42 per cent, thus reducing the employment of labor and the disbursement of large sums for supplies in those parts of the country which needed better transportation. The number of freight cars ordered has decreased by 25 per cent, and of locomotives by 29 per cent, thus cutting off work from artisans in all the shops providing cars and locomotives. Why was this? Because capital, convinced of the hostility of public opinion and legislators toward railways, did not believe it could get as good returns for investments in railways as in other industrial enterprises. Railways could not borrow to supply funds for equipment or could not get their own bonds sold, for they were falling off, so that they could not provide for improvements out of current income. For what reason were earnings falling off? Because expenses had increased.

Big Increase in Railroad Expenses.
In recent years, taking 1914 in comparison with 1906, traffic has increased and the railways had to meet this increase. Ton miles grew 19.8 per cent; the investment to carry the increase grew to \$77,531 per mile of line from \$55,824, or 39 per cent. Operating expenses per mile increased 33.48 per cent; while the net revenue per mile decreased 3.02 per cent. The increase in expenses, common to all other enterprises during this period, cut down railway income. The average annual wage per employee increased 32.37 per cent. Taxes increased 49.95 per cent. Materials had risen in price. Consequently, operating expenses per mile, as we have seen, increased over 33 per cent.

What, then, has been the result of regulation since the power to control rates has been put into the hands of national and State commissions? A largely expanding traffic necessitated by the growth of the country, increasing expenses in carrying this traffic, a falling off of earnings, smaller dividends to investors, diminished capacity of the railways to obtain credit, a lessening ability of the roads to maintain their property and keep to the necessary requirements of safety and efficiency demanded by the public, an increasing number of roads getting into financial difficulties. Certain railway regulation by government and State commissions has not as yet met the situation. Something is amiss. In every other enterprise supplied by private capital, when expenses have increased, it has been possible to raise the price of the product, or service rendered. This recourse has, with slight exceptions, been denied to the railways. Banks, even though governmental supervision, are free to fix their own rates of discount for lending capital. Why is it denied to railways, even when the public interest of regulation is seen that they are facing a crisis? It is quite clear why President Wilson, in his message to Congress, recommended the wisdom of a careful investigation into the whole railway situation.

Large Wage Increase Demanded.
Into this situation is now injected the demands of railway employees for higher wages. Is this a matter which comes under the jurisdiction of the commissions? No; and this fact is the alarming phase of the situation to the general public. Commissions regulate the price of a railway service, but they have no control over the expenses of providing that service. One authority has stated, another, entirely separate, tries to regulate wages as they enter into expenses. In any other industry, if the laborers enforce a rise of wages, the employers can raise the price of their product to the consumer.

In the case of railways, this control over fixing price is denied them. At the present moment, the locomotive engineers, firemen, the conductors and the trainmen, (involving 90,174 men) have united in a demand for an increase of wages of about 25 per cent on all the railways in the United States. It is said that they will call a general strike if their demands are not met. The wages of these men in 1914 amounted to about \$400,000,000. The increased wages would, therefore, raise the expenses of the railways by about \$100,000,000.

From the point of view of the railway brotherhoods it is desired to secure a basic eight-hour workday, with a payment of one and one-half time rates for any excess of hours over eight. That is, the operation of trains is admitted to be so different from work in a shop that railway employees cannot stop at the exact end of eight hours; hence the arrangement for time at higher rates over eight hours. At present, men are paid on the basis of 100 miles or less, ten hours or less. If they run less than 100 miles in ten hours or less they get full pay. If they run 150 miles in ten hours they are paid one and one-half day's pay. Under the proposed increase, a yardman receiving now 40 cents an hour, or \$4.00 a day of ten hours, would be paid fifty cents an hour, or \$5.00 for eight hours; if he worked ten hours, he would receive 75 cents an hour for two overtime hours, or \$5.50 per day. It is urged that the hours per day are excessive.

In Western territory 38 per cent of the men worked over ten hours a day; 25 per cent over twelve hours; and 7 per cent over fourteen hours. In yards, shorter hours could be arranged by making three shifts instead of two, but on trains it is not possible, because of the nature of the work, easily to reduce hours of runs. Cases can be cited where men work excessive hours. As things go now, in Western territory, engineers get \$6.75 daily for ten and one-half hours per day, and run 22.5 days in the month, obtaining \$150.63 a month. Firemen working the same number of hours a day get \$4.75, on 19.5 days, or \$94.34 a month. Under the new demands, these wages would be increased more than 25 per cent. The longer hours, moreover, are charged to the increased length of trains.

Railway Employees Well Paid.
On the side of the railways, it is said that rates have remained unchanged, and consequently the great increase in expenses had to be met by economies that would reduce the operating expenses per train mile; hence the larger locomotives and longer trains. It is added that railway employees are now better paid than men of the same skill in other employments; and that, if hours are to be reduced, the real point of the demand is for higher wages for present hours of labor. If there is a natural sympathy among the public for the demand for shorter hours, then the public should allow the railways to raise rates, in case wages are raised. If the men are to receive \$100,000,000 more, will the public insist that the commissions allow the income of the railways to be increased by \$100,000,000?

Higher Wages Mean Higher Rates.
What is the upshot of the whole matter? The railways are between the devil and the deep sea. On the one hand, the commission refuses an increase of rates; while on the other, the unions demand higher wages, with the threat of stopping the whole trade of the country until their terms are accepted. Where does the public come in? Has it no rights which others are bound to respect? If railways are quasi-public utilities and therefore subject to regulation, then regulation clearly should include the protection of the public.

If unions interfere with the running of an organization which the State has taken under its wing, how can the State stand aside while the public is injured? Obviously, the question of rates is tied up with the question of wages. If wages are to be raised, rates must be raised at the same time. If rates are not to be raised, then wages cannot be raised. If a set of conditions has arisen which oblige the government to regulate rates, then it is equally obliged, on the basis of economic analysis, to regulate wages accordingly. Having taken one step, it must take the other. The logic of events is forcing this dilemma on the government. It is the public which sooner or later must pay for the increased expenses of transportation.

GEN. GORGAS WILL LECTURE

Southern Society to Hear of Sanitation Work on Zone.

At the meeting of the Southern Society of Washington tomorrow night Brig. Gen. William C. Gorgas will deliver an illustrated lecture on "Sanitation at the Panama Canal."

An urgent request to Gen. Gorgas, president of the society, to give the members the benefit of his personal recollections of the important work he accomplished on the Canal Zone was made last Wednesday at a meeting of the executive committee, attended by C. C. Calhoun, chairman; Brig. Gen. Frank McIntyre,

Mrs. Maud Howell Smith, Rev. J. Henning Nelms and Robert W. Wickliffe.

An informal dance, with music by the orchestra which usually furnishes the music for the entertainments, will follow the lecture. Admission will be by card only. The annual membership card will admit the bearer and one guest.

Preaching Mission to Continue.

It was erroneously reported yesterday that the preaching mission in St. John's Church at Lafayette Square, was closed. The pastor of the church yesterday announced that the mission, conducted by Rev. Leighton Parks, D. D., and Rev. Samuel McComb, D. D., would continue through this week.

TO REFORM ASSESSMENTS.

Commissioners, in Report on Bill, Will Consider Citizens' Interests.

The Commissioners, in framing their report to Congress on the Tinkham bill, relating to assessments for the opening of streets, will consider suggestions made by representatives of the Board of Trade, Chamber of Commerce and Real Estate Brokers' Exchange at a conference at the District Building yesterday. Commissioners Bromlow and Kuts were present.

The Tinkham bill provides that assessments for benefits for the opening or widening of streets shall not be levied

from property holders until the improvement actually has been made.

FEAST OF PURIM KEPT.

Eighth Street Hebrew Congregation Observes Festival.

The Feast of Purim was extensively observed yesterday by the Washington Hebrew Congregation, at the Eighth Street Temple. At 3 o'clock in the afternoon motion pictures of the "Bible Story of Queen Esther" were shown to the children, following which the sisterhood of the temple served refreshments. Last night there was a special service in the temple, conducted by Rev. Abram

Simon, pastor. Altogether the day, from sunset Friday to sunset Saturday, the time was spent in rejoicing and in making others happy. A large contribution was taken for the poor and the women of the congregation dispensed much charity.

Church Mission a Success.

General satisfaction over the first week's results of the preaching mission being conducted in St. John's Church of the city was expressed yesterday by the ministers and missionaries in charge of the campaign, which will continue until March 23. In view of the various churches report that there has been a steady increase in the night attendance at the services.

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The Adventures of Two Remarkably Smart and Attractive Young Women
who delegate themselves the champions of their sex and start out to work retribution upon unscrupulous and perfidious members of the male sex, especially those whose wealth and position seem to have rendered them almost impregnable of attack.
The title of this clever series is
The Social Pirates
and it will set you guessing at times to determine which side of the game should be designated with this appellation.
Should it be these two girls who, with all their shrewdness and attractiveness,
Do Not Hesitate to Match Their Wits
against their male enemies; or, these same opponents whose cunning, reputation and position make them all the more dangerous? Yet daringly and fearlessly
MONA AND MARY FIGHT FIRE WITH FIRE
seeking the vulnerable spots in the armor of the enemy until they leave them "hors de combat" or crying for mercy. So much so that the result of most of the campaigns conducted by Mona and Mary
Will Make Every Woman Smile With Delight
and at the same time set many men of conceited habits and unscrupulous natures wondering if they are really quite as smart as they thought they were.
Each story in this remarkable series keeps the reader enthralled from start to finish and always wondering what will turn up next. Never was the handicraft of the great playwright, GEORGE BRONSON HOWARD, employed to better advantage than in
The Social Pirates
and the very name of HUGH C. WEIR, the well-known writer, is of itself sufficient guarantee of the literary merits of the novelization. No more conceptive brain and virile pen could have been selected for this task than those of these two celebrities in their chosen profession.

BRIDGE PARTY GIVEN FOR CHRISTIAN HOME

More Than 300 Persons Attend Benefit Tea and Dansant at Rauscher's.

Patronesses Are Present.
More than 300 persons yesterday attended the bridge party, spring tea and dansant given at Rauscher's under auspices of the auxiliary board for the benefit of the Young Women's Christian Home, 211 C street northwest. The bridge and tea were from 2 to 5 o'clock, and the dansant from 5 to 7 o'clock.

The auxiliary board of the home is composed of Miss Alys M. Downing, president; Miss Castella, vice president; Miss Helen Mulliken, secretary; Mrs. G. B. Bloomer, treasurer; Mrs. Ord Preston, recording secretary; Mrs. J. M. Biddle, Mrs. F. DeC. Faust, Miss Hayden, Mrs. Richard Pairo, Miss Murry Ledyard, Miss Lillie D. Finley, Mrs. James Watson, Mrs. Dora C. H. Butler, Mrs. Elsie Downing, Miss Elizabeth Kibbey, Mrs. Howard Nyman, Mrs. Charles F. Wilson, Mrs. John W. Davidge, Miss Edith McManis, Miss Rose Greely and Miss Annie Irwin.

Patronesses for the benefit were: Miss Helen Cannon, Mrs. Cannon, Mrs. Swager Sherley, Mrs. Nathan Wyeth, Mr. Josephus Danforth, Mrs. Hugh L. Scott, Mrs. Henry Wiley, Mrs. Walter Wilcox, Mrs. Thomas Ewing, Mrs. Nathan Sargent, Mrs. Hampson Gary, Mrs. Edward Eberle, Mrs. George Barrett, Mrs. Delos Blodgett, Mrs. Chas. H. Robert F. Shepard, Mrs. Jewell, Mrs. Hewson, Mrs. Nash, Mrs. Servin, Mrs. John Gibbons, Mrs. Mortimer, Mrs. David Jayne Hill, Mrs. Dunham C. Johnson, Mrs. Charles Howry, Mrs. H. W. Osterhaus, Mrs. J. Evey Johnson, Mrs. A. W. Greely, Mrs. John Weeks, Mrs. Clabaugh, Mrs. Macomb, Mrs. Littauer, Mrs. Thomas Wood, Mrs. C. H. Butler, Mrs. A. C. Downing, Mrs. George MacLana, Mrs. Mulliken, Mrs. Hennen Jennings, Mrs. Arthur Lee, Mrs. Ralph Jenkins, Mrs. Christina Hemmick, Mrs. Isaac T. Mann, Mrs. Henry C. Perkins, Mrs. Victor Kaufmann, Mrs. Allerton Cushman, Mrs. Henry B. Spencer, Mrs. Chancy Wackett, Mrs. Felice Crosby, Mrs. Thomas W. Miller, Mrs. C. Johnson, Mrs. Myron Whitney, Mrs. Richardson Clover, Mrs. C. C. Glover, Jr., Mrs. Charles Welsh, Mrs. Joseph Thropp, Mrs. Samuel Spencer and Mrs. Clarence Wilson.

Gaelic Society to Meet.
The Gaelic Society of Washington will hold its monthly meeting at the Constable Studio, 130 New York avenue northwest, on Tuesday evening, at 8 o'clock.

ARMY AND NAVY.

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emergency, to take effect March 21, 1916. Lieut. Neumann is detailed as a member of the board of officers appointed to meet at Jackson Barracks, La., March 21, 1916, War Department, for the mental and physical examination of candidates for the United States Army Medical Reserve Corps, hereby relieved. Leave of absence for one month, to take effect March 1, 1916, is granted to Lieut. Col. Samuel E. Smith, Eighteenth Infantry, for leave of absence for two days is granted Acting Dental Surge. Bruce R. Roberts, L. S. A.

NAVAL ORDERS.

MOVEMENTS OF VESSELS.

C-1, C-2, C-3 and C-5, sailed for Almirante Bay March 17; Clever, arrived Monterey March 16; Duquesne, sailed for cruise March 17; Gleason, arrived Thimble March 16; Mars, sailed for Hampton Roads March 17; McCall, sailed for New York March 17; Montana, arrived San Francisco March 17; Nanahan, sailed for Almirante Bay March 17; Potomac and Severn, sailed for Almirante Bay March 17; Stuart, arrived San Diego March 15; Terry, arrived Pensacola March 14.

NOTES.

The Nevada, now at the Boston yard, will leave about the 20th inst. for the New York yard. The North Carolina, now at Pensacola, will leave about the 20th inst. for Guantanamo for duty with the fleet.

ORDERS TO OFFICERS.

Lieut. Commander W. G. Briggs, to Asiatic station via June transport. Lieut. Commander L. J. Wallace, to naval magazine, Hingham, Mass., June 8. Lieut. Commander P. D. Berrien, to naval magazine, Newport, R. I., July 1. Lieut. Commander W. M. Hunt, to Minnesota, Commander Roger Williams, to command Duncan. Lieut. H. E. Kimmel, to assistant director target practice and engineering competitions, Navy Department, April 15. Lieut. (junior grade) J. S. Spore, to Naval Acad. Annapolis, Md., June 1. Lieut. (junior grade) C. H. Boucher, to radio station, South Weymouth, Mass. Lieut. (junior grade) W. W. Wilson, to connection fitting out Pennsylvania and on board when commissioned. Lieut. (junior grade) H. B. Berry, to Milwaukee. Lieut. (junior grade) P. E. Spindler, to Nashville. Lieut. (junior grade) E. G. Allen, to connection fitting out Tucker and on board when commissioned. Ensign A. S. Walton, to Milwaukee. Ensign H. K. Fenn, to radio station, Siasconet, Mass.

Veterans to Give Reception.

Col. John Jacob Astor Camp, United States War Veterans, will give a reception and entertainment in honor of the official visit of the commander-in-chief and staff tomorrow evening in Stanley Hall at Soldiers' Home. Commander-in-chief Dyer will address the gathering.

The United States in 1914 mined 2,476,465 tons of crude gypsum.

100 FLORISTS TO GO TO BIG FLOWER SHOW

Special Train Will Take Washingtonians and Exhibits to Philadelphia March 27.

More than 100 members of the Florists' Club, of this city, with their families and friends, are to attend the national flower show which is to open in Philadelphia on March 25. A special train will take them to the show on March 27, and will remain there throughout the week.

A number of the producing florists of Washington will enter exhibits. This city is noted for the American Beauty roses, grown here, which have taken prizes wherever exhibited. Another special is the sweet peas, and from Washington there will be sent more than a dozen varieties that have not as yet been named.

The committee on transportation of the local club is headed by Harry B. Lewis, chairman, who has associated with him G. Milton Thomas and M. J. McCabe. The local aggregation will be joined at Baltimore by thirty-five members of the Baltimore Gardeners' and Florists' Club.

BROKERS MAY CHANGE NAME.

Real Estate Men to Consider Alteration of Title of Association.

There will be a meeting of the Real Estate Brokers' Association in the rooms of the Board of Trade on Tuesday evening at 8 o'clock, at which an effort will be made to amend the constitution to provide for a change of name of the organization from its present name to "The Real Estate Board of the District of Columbia." Among other business of importance to be transacted will be a discussion of the association's attitude toward the Tinkham assessment bill.

The following firms have recently been elected to membership: Pitch Fox & Brown, Percy H. Russell & Co., A. S. Caywood, and Jess L. Heiskell.

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